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STATISTICAL BULLETIN

Highlights

- CONSUMER DEMAND GROWTH MAY BEGIN TO FALTER: HOME AND CAR SALES REMAIN WEAK, AND CONSUMER OPTIMISM IS NOW WANING.
- LABOR REPORTS SHOW SOME MODERATING TRENDS.
- INDUSTRIAL OUTPUT GROWTH REMAINS STRONG, BACKED BY VIGOROUS INVESTMENT.
- BUT EXPORT GROWTH IS NO LONGER EXPLOSIVE.
- ON THE INFLATION WATCH: FOOD PRICES STILL JUMPING, BUT NOT INDUSTRIAL COMMODITIES, AND ENERGY PRICES HAVE DECLINED.
- OUTLOOK • MODERATE GNP GROWTH IN THE FOURTH QUARTER OF 1988 AND THE FIRST QUARTER OF 1989, AFTER A TORRID THIRD-QUARTER PERFORMANCE.

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Acquisitions
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Volume 21, No. 10, October, 1988.

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The Conference Board

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

OVERVIEW: Very strong business investment and export growth, together with a sustained moderate rise in consumer demand, resulted in a strong spurt in U.S. economic activity in the third quarter of 1988. The median of the **Economic Forecasts** is for annualized growth in real GNP of 3.9%, seasonally adjusted, in the third quarter. The pace of activity will probably slacken to closer to 3% in the fourth quarter.

There are two major reasons why GNP growth is moderating now. First, although exports are still rising, the explosive growth in exports—which was fueled by a severe decline in the dollar—seems to have run its course. The dollar staged a brief rally this summer, but more recently, it again came under pressure. In any event, at least for now, export growth is no longer feeding off the price effect induced by the sharply lower dollar.

The second factor is a slower rise in consumer demand. Spending on durable goods, especially cars and homes, is not very strong now. Higher interest rates, weaker gains in purchasing power, and some drop off in consumer optimism are factors in the slower rise in spending. Meanwhile, the Federal Reserve is pumping money into the economy at a slower rate. In all, less export growth and a slower rise in consumer demand, but continued strong business investment, will produce a good fourth quarter. It will not reach the heights attained in the third quarter, but it will help to deflate some inflationary fears.

DOMESTIC MARKET MONITOR

Labor market activity appears to be rising a little more slowly in the second half of 1988 than it did in the first half. And indications are that the pace will continue to gradually ease off. Job growth in services remains quite strong but there was no new hiring in goods production in the last two months. More important, perhaps, the rise in total hours worked has slowed. Certainly, these are not signs of labor market overheating. Thus, although the average hourly pay rate was ten cents higher in September than in May, that development is not cause for concern.

The indications are that the labor market will continue to soften. The Conference Board's **Help-wanted Index**, a measure of labor demand, was no higher in August than one year earlier. Early returns to the September survey show a dip in ad volume that month. Finally, the consensus of the **Economic Forecasts** is that the current 5.4% unemployment rate is likely to prevail through the first quarter of 1989, after which it could inch a little higher.

INCOME: No change in hourly pay rates in August, and little change in the number of hours worked, slowed the rise in wage income. Wages in commodity-producing industry were 1.7% higher in August than three months earlier. Wages in the "other industry" category were 2.3% higher. If wage gains continue to moderate over the next few months, the rise in consumer spending is also likely to slow.

Nonwage income growth has already faltered. Overall, nonwage income was only 0.5% higher in August than three months earlier. And much of that increase reflects a pick up in interest and rental income.

Consumer reluctance to step up borrowing may also limit gains in spending. The net change in consumer loans has been subdued for some time. And it slowed a bit more in July and August. Higher interest rates are likely to further dampen borrowing.

Evidence mounts that the prolonged era of high consumer confidence is ending. The Conference Board's **Consumer Confidence Index** stood at 109 (1985 = 100) in September, compared to this year's high of 120.2 in May. The **Expectations** Component declined from 114 to 99 over the same period. These numbers suggest that consumers anticipate some loss of momentum in job openings and pay increases over the next six months—an expectation shared with the **Economic Forecasts.**

SPENDING: Consumer buying has so far maintained its momentum. Total retail sales, except autos, were 1% higher in August than three months earlier. But if wage income growth, borrowing, and consumer sentiment continue to weaken, consumer demand will also slow.

One indication of softer consumer demand is the level of car buying. New domestic **Automobile Sales** fell to a million annual rate, seasonally adjusted, in September, weaker than in prior months. Sales of foreign models, in contrast, have been stable. With auto loan rates on the rise, car buying is likely to remain in the doldrums, at best.

CONSTRUCTION: While car sales have slumped, home sales have stabilized, albeit at a relatively low level. Indeed, new single-family home sales were essentially flat over the last three months. Yet new home prices were 1.8% higher in August than three months ago, and mortgage rates are going up. The slow pace of new home building suggests that a recovery is nowhere on the horizon.

Nonresidential construction was marginally lower in August than three months earlier. And the weak increase in hours worked in construction in September suggests that the pace of building was sluggish that month.

PRODUCTION: Rising business investment and exports, and a modest increase in consumer buying of non-

Ken Goldstein, Editor

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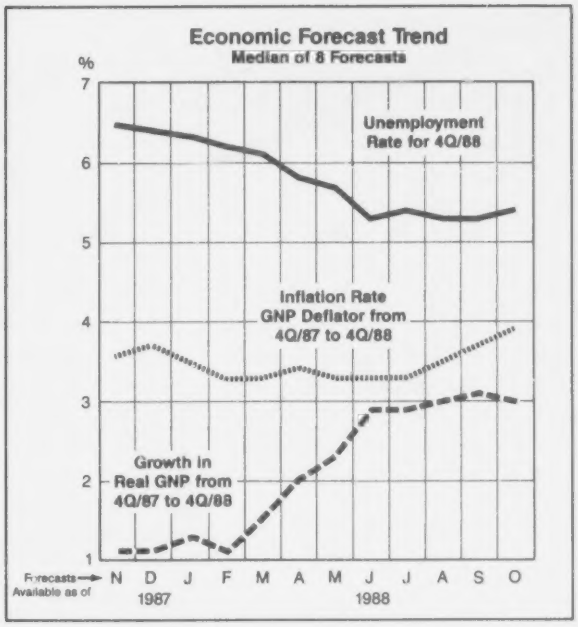


durables, are resulting in strong industrial output gains. Industrial production was 1.5% higher in August than three months earlier, and capacity utilization rates continue to inch up. But total hours worked in manufacturing was no higher in September than in July, which suggests that the pace of industrial output slowed that month.

Still, the level of industrial production remains quite strong. Total new orders for durable goods, except defense related, were 7.3% higher in August than three months earlier. Moreover, the ratio of shipments to unfilled orders is rising. That indicates some pressure to maintain production schedules in order to keep filling new orders.

INVENTORY: Another sign of the degree of strength in industrial conditions is that despite the vigorous pace of production, inventory ratios are falling. Total inventory, except cars at the retail level, was 1.5% higher in July than three months earlier. But industrial sales were 2.2% higher. Thus, the Inventory-to-Sales ratio fell. Given the continued gains in investment and export, and some rise in consumer buying of nondurables, producers were probably restocking inventory in August.

Booming business investment is likely to continue to lend strength to industrial conditions. The Conference Board's survey of **Capital Appropriations and Expenditures** by the nation's 1,000 largest manufacturers indicated a 7% rise in plant and equipment spending in the second quarter of 1988. Furthermore, the survey respondents said that their capital spending is likely to be more than 20% higher in 1988 versus one year ago.

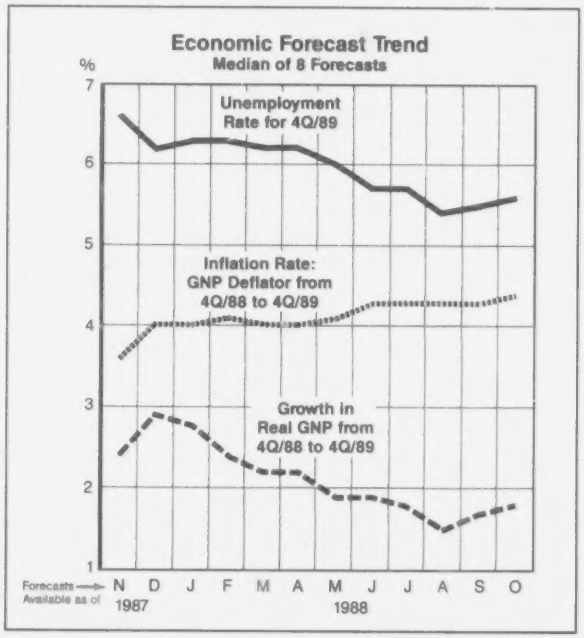
INFLATION: Not only has inflation remained muted, some of the inflation talk has quieted. Commodity prices dipped in September, while oil prices fell once again. At the wholesale level, raw material prices, except food and energy, fell 0.6% in September. Prices for farm crops, but not for meat, rose in September. The consensus of the **Economic Forecasts** continues to call for no more than a modest uptick in inflation. A 5% annualized rise in the CPI is forecast for the fourth quarter of 1988, rising to not more than 5½% by the fourth quarter of 1989. That forecast is gaining acceptance, as fears of the economy overheating subside.

INTERNATIONAL MONITOR

One of the most positive economic developments of 1988 is that the sustained rise in economic demand is not generating a flood of imports. Total imports of manufactured goods was 4.2% higher in August than three months earlier. Not surprisingly, import growth has been strongest in the area of business equipment, the strongest element of the domestic economy. The sharp leap in imported cars and car parts in August was undoubtedly a statistical quirk. Imports of consumer goods were quite subdued this summer, although the August data showed a relatively strong rise. Nevertheless, indications are that overall consumer demand may soon begin to rise more slowly. That should keep the lid on rising imports, and, hence, aid in the continued narrowing of the trade deficit.

The export news is not as bad as first appears. Total exports of manufactured goods were only 2.1% lower in August than three months earlier. Exports of unfinished goods fell, but both capital and consumer goods shipments continued to rise. Nevertheless, the data show declines in exports to Canada and Europe, economies growing fast enough to absorb more, not less, exports from the U.S. Although export growth has moderated, continuing declines are not expected in the coming months.

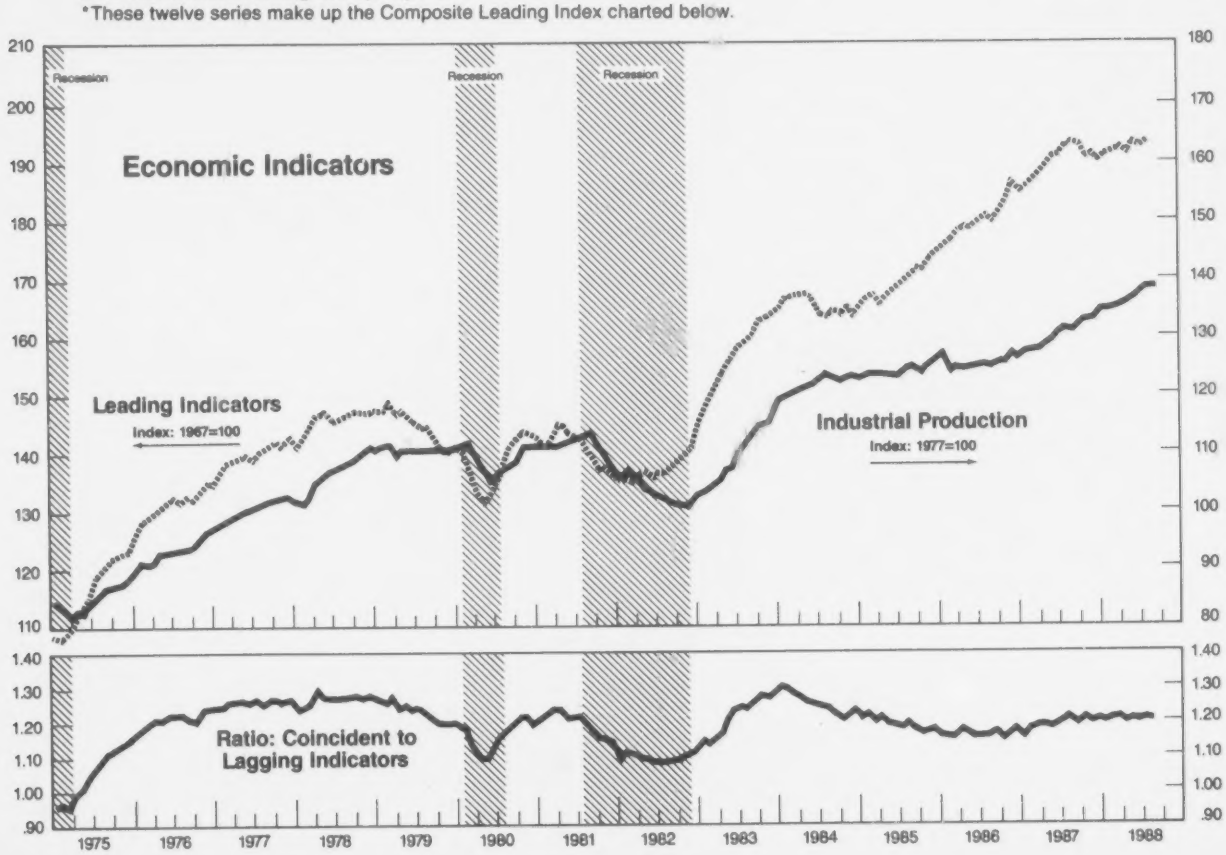
Ken Goldstein
October 12, 1988



STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over Latest Three Months	Change from Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Aug.	X			1.3%	0.9%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Aug.	X			16.0%	23.0%
New orders, nondefense capital goods (deflated)	Aug.	X			16.7%	26.5%
*New business formation	Aug.			X	– 2.3%	– 0.2%
*Housing permits	Aug.		X		1.9%	– 3.3%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Aug.	X			1.6%	6.5%
*Change in inventory, on hand & order (deflated)	July			X	–15.7%	–31.0%
Purchasing manager's buying policy	Sep.	X			5.0%	8.0%
*Vendor performance, reported slower deliveries	Aug.		X		– 2.0%	4.0%
Industrial raw materials prices	Sep.		X		– 0.9%	4.9%
*Change in sensitive material prices	Aug.	X			0.2%	– 1.0%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Aug.		X		– 0.2%	1.5%
Change in business loans	Aug.			X	–15.7%	29.4%
*Change in credit outstanding	July		X		– 3.2%	7.7%
Change in consumer installment debt	July			X	–15.3%	–36.2%
Profitability						
Total corporate profits, after tax (deflated)	2nd.Q	X			12.3%	17.3%
*Common stock prices	Aug.		X		3.0%	–19.9%
Marginal Employment Adjustments						
*Average workweek, mfg.	Sep.		X		0.1hr	0.6hr
*Initial unemployment claims (inverted)	Aug.	X			2.9%	– 0.3%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington. D.C.: Government Printing Office) May, 1977.
*These twelve series make up the Composite Leading Index charted below.



CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1987 Aug.	1988 May	Jun.	Jul.	Aug.(e)
Principal Diffusion Index	63.0r	56.6r	60.7r	59.1r	56.7
Auxillary Diffusion Index	43.4r	41.5r	63.1r	44.9r	42.2
Industrial Group	63.6	56.5	58.1	57.3r	57.5
Nonindustrial Group	62.4r	56.8r	63.3r	60.9r	55.9
Sense of Diffusion	1	1	1	1	. 1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	75.6	62.0	62.0	67.5	72.6
Labor	56.9	54.5	58.2	53.6r	51.2
Miscellaneous	62.2	53.2	51.9	51.3	50.6
Nonindustrial Subgroups					
Prices	86.5	53.2	59.6	50.6	42.9
Consumer	70.1	62.4	67.7	62.8r	63.5
Building	42.9	49.4	57.1	64.1	55.8
Miscellaneous	51.7r	58.5r	65.4r	63.7r	57.1

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

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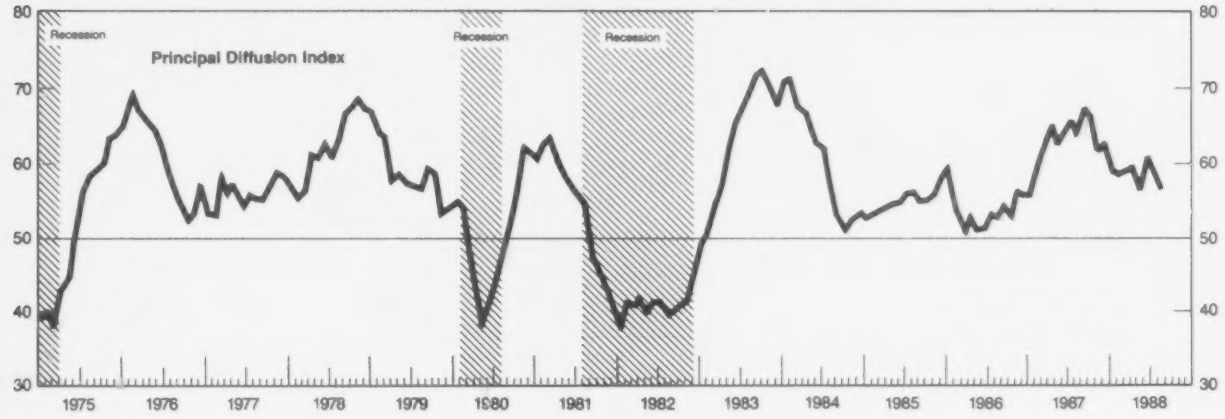
The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1985	*1986*				*1987*				*1988*		
	Nov.	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*	*May*	*Aug.*
	Score (scale 0-100)											
Measure of Business Confidence	55	61	61	50	51	55	55	59	47	51	58	56
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	53	63	61	44	50	56	55	62	50	49	64	65
2. Expectations for Economy, Six Months Ahead	56	62	62	52	51	54	53	56	43	50	54	51
3. Expectations for Own Industry, Six Months Ahead	56	59	60	54	53	56	56	58	48	54	55	53

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

ECONOMIC FORECASTS

			U.C.L.A.[1] Business Forecasting Project		Merrill Lynch[1] Economics Inc.		E.I. duPont[1] de Nemours & Co.		Georgia State University[1]	
Date of Forecast			*Sept., 1988*		*Sept., 1988*		*Sept., 1988*		*Sept., 1988*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1988**	**II**	**$4823.8**	**8.7%**	**$4823.8**	**8.7%**	**$4823.8**	**8.7%**	**$4823.8**	**8.7%**
Forecast	1988	III	4907.1	7.1	4912.3	7.5	4913.5	7.6	4904.1	6.8
		IV	4999.6	7.8	4997.7	7.1	4994.1	6.7	4971.9	5.6
	1989	I	5122.2	10.2	5103.8	8.8	5067.5	6.0	5082.6	9.2
		II	5216.5	7.6	5182.1	6.3	5140.1	5.9	5169.0	7.0
		III	5274.3	4.5	5230.3	3.6	5209.4	5.5	5256.6	7.0
		IV	5312.9	3.0	5259.0	2.2	5280.3	5.6	5337.0	6.3
	1990	I	5348.2	2.7			5366.4	6.7	5409.7	5.6
		II	5409.9	4.7			5458.6	7.1	5460.8	3.8
		III	5480.8	5.3			5546.1	6.6		
	1988	Annual	4863.8	7.4	4864.6	7.5	4864.0	7.5	4856.1	7.3
	1989	Annual	5231.5	7.6	5193.8	6.8	5174.3	6.4	5211.3	7.3
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1988**	**II**	**$3985.2**	**3.0%**	**$3985.2**	**3.0**	**$3985.2**	**3.0%**	**$3985.2**	**3.0%**
Forecast	1988	III	4024.4	4.0	4016.8	3.2	4011.0	2.8	4009.9	2.5
		IV	4057.3	3.3	4043.0	2.8	4034.0	2.3	4025.8	1.6
	1989	I	4112.5	5.6	4078.1	3.5	4054.0	2.0	4079.1	5.4
		II	4137.1	2.4	4091.4	1.3	4073.0	1.9	4102.4	2.3
		III	4131.1	-0.6	4086.9	-0.4	4089.0	1.6	4122.8	2.0
		IV	4113.0	-1.7	4077.7	-0.9	4106.0	1.7	4137.2	1.4
	1990	I	4088.0	-2.4			4128.0	2.2	4142.2	0.5
		II	4091.4	0.3			4151.0	2.2	4137.0	-0.5
		III	4100.1	0.9			4170.0	1.8		
	1988	Annual	4005.8	4.1	4000.3	4.0	3996.6	3.9	3994.3	3.8
	1989	Annual	4123.4	2.9	4083.5	2.1	4080.5	2.1	4110.4	2.9
Gross National Product deflator Index, 1982 = 100										
Actual	**1988**	**II**	**121.0**	**5.5%**	**121.0**	**5.5%**	**121.0**	**5.5%**	**121.0**	**5.5%**
Forecast		III	121.9	3.0	122.3	4.2	122.5	4.9	122.3	4.2
		IV	123.2	4.3	123.6	4.4	123.8	4.3	123.5	4.0
	1989	I	124.6	4.4	125.2	5.1	125.0	3.9	124.6	3.6
		II	126.1	5.0	126.7	4.9	126.2	3.9	126.0	4.6
		III	127.7	5.1	128.0	4.2	127.4	3.9	127.5	4.9
		IV	129.2	4.8	129.0	3.1	128.6	3.8	129.0	4.8
	1990	I	130.8	5.2			130.0	4.4	130.6	5.1
		II	132.2	4.3			131.5	4.7	132.0	4.4
		III	133.7	4.5			133.0	4.6		
	1988	Annual	121.4	3.2	121.6	3.3	121.7	3.4	121.6	3.3
	1989	Annual	126.9	4.5	127.2	4.6	126.8	4.2	126.8	4.3
Unemployment Rate										
Actual	**1988**	**II**		**5.5%**		**5.5%**		**5.5%**		**5.6%**
Forecast	1988	III		5.3		5.4		5.5		5.5
		IV		5.2		5.2		5.6		5.4
	1989	I		5.0		5.2		5.6		5.2
		II		4.9		5.2		5.7		5.2
		III		4.9		5.4		5.7		5.1
		IV		5.1		5.8		5.7		5.2
	1990	I		5.5				5.7		5.3
		II		5.8				5.6		5.4
		III		6.1				5.5		
	1988	Annual		5.4		5.5		5.6		5.6
	1989	Annual		5.0		5.4		5.7		5.2

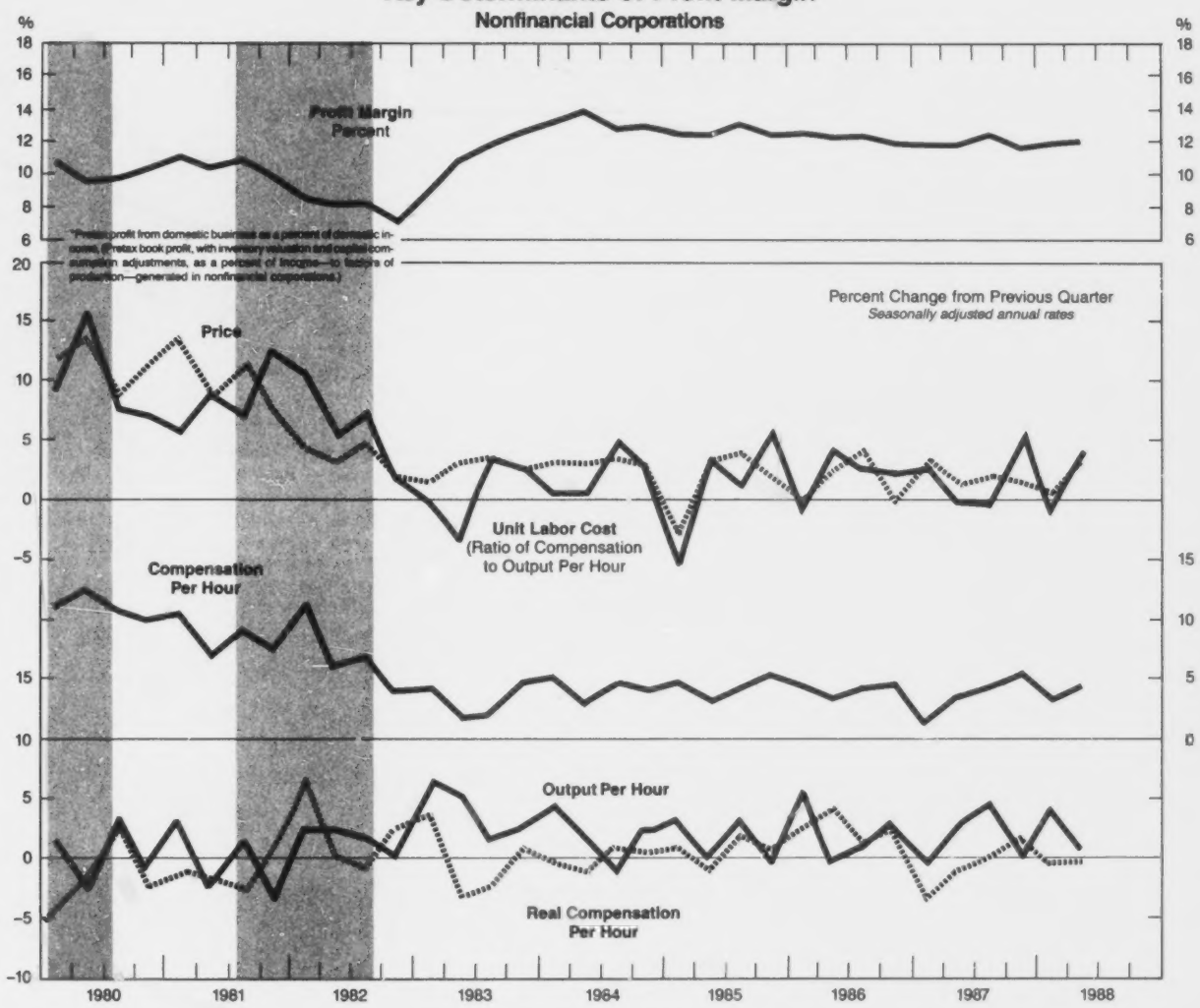
Notes: Percentage changes represent compound annual rates of change from prec g period. Quarterly data are seasonally adjusted.

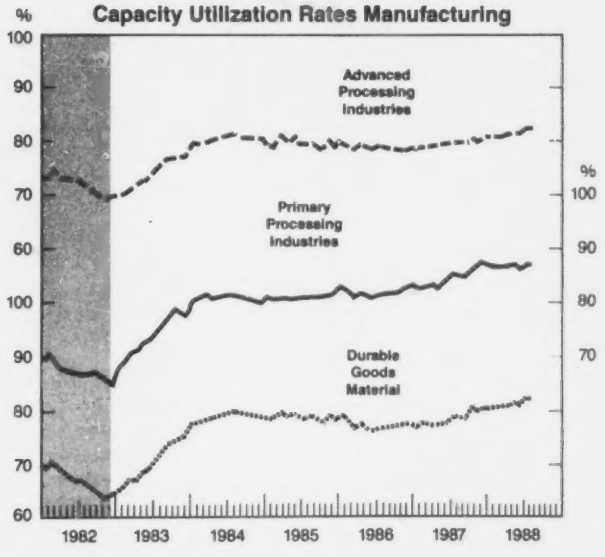
[1]Based on revised (second revision) second quarter data.

ECONOMIC FORECASTS (continued)

The Conference Board[1]		Laurence H. Meyer Associates, Inc.[1]		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
Sept., 1988		*Sept., 1988*		*Sept., 1988*		*Sept., 1988*		*Date of Forecast*		
Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*			
								Gross National Product Billions of Current Dollars		
$4823.8	**6.7%**	**$4823.8**	**6.7%**	**$4823.8**	**6.7%**	**$4823.8**	**6.7%**	**II**	**1988**	**Actual**
4902.0	6.6	4916.8	7.9	4900.2	6.5	4914.7	7.6	III	1988	Forecast
4992.0	7.5	5000.3	7.0	4970.6	5.9	4980.5	5.5	IV		
5076.0	6.9	5116.5	9.6	5073.6	8.5	5089.1	9.0	I	1989	
5143.0	5.4	5194.4	6.2	5140.1	5.3	5164.5	6.1	II		
5180.0	2.9	5269.3	5.9	5203.7	5.0	5233.5	5.5	III		
5219.0	3.0	5344.2	5.8	5272.3	5.4	5309.6	5.9	IV		
		5442.9	7.6	5349.4	6.0	5395.3	6.6	I	1990	
		5529	6.5	5427.6	6.0	5497.4	7.8	II		
		561[illegible]	6.7	5519.4	6.9	5596.8	7.4	III		
4860.6	7.4	4866.4	7.5	4854.8	7.2	4860.9	7.4	Annual	1988	
5154.5	6.0	5231.1	7.5	5172.4	6.5	5199.2	7.0	Annual	1989	
								Gross National Product Billions of Constant (1982) Dollars		
$3985.2	**3.0%**	**$3985.2**	**3.0%**	**$3985.2**	**3.0%**	**$3985.2**	**3.0%**	**II**	**1988**	**Actual**
4014.7	3.0	4019.4	3.5	4015.0	3.0	4017.7	3.0	III	1988	Forecast
4045.4	3.1	4044.0	2.5	4033.2	1.8	4030.6	1.3	IV		
4067.3	2.2	4090.8	4.7	4082.9	5.0	4066.3	3.6	I	1989	
4072.1	0.5	4111.2	2.0	4093.6	1.1	4079.2	1.3	II		
4056.4	-1.5	4132.7	2.1	4101.2	0.7	4089.3	1.0	III		
4042.6	-1.4	4154.9	2.2	4114.9	1.3	4107.8	1.8	IV		
		4182.5	2.7	4127.7	1.3	4122.4	1.4	I	1990	
		4205.9	2.3	4146.0	1.8	4153.0	3.0	II		
		4231.7	2.5	4174.6	2.8	4181.2	2.7	III		
4000.4	4.0	4001.2	4.0	3997.4	3.9	3997.4	3.9	Annual	1988	
4059.6	1.5	4122.4	3.0	4098.2	2.5	4085.7	2.2	Annual	1989	
								Gross National Product deflator Index, 1982 = 100		
121.0	**5.5%**	**121.0**	**5.5%**	**121.0**	**5.5%**	**121.0**	**5.5%**	**II**	**1988**	**Actual**
122.1	3.5	122.3	4.3	122.0	3.4	122.3	4.3	III	1988	Forecast
123.4	4.3	123.6	4.4	123.2	4.0	123.6	4.1	IV		
124.8	4.6	125.1	4.7	124.3	3.4	125.2	5.2	I	1989	
126.3	4.9	126.3	4.1	125.6	4.2	126.6	4.7	II		
127.7	4.5	127.5	3.7	126.9	4.3	128.0	4.4	III		
129.1	4.5	128.6	3.6	128.1	4.0	129.3	4.0	IV		
		130.1	4.8	129.6	4.7	130.9	5.1	I	1990	
		131.5	4.1	130.9	4.1	132.4	4.6	II		
		132.8	4.1	132.2	4.0	133.9	4.6	III		
121.5	3.3	121.6	3.4	121.4	3.2	121.6	3.3	Annual	1988	
127.0	4.5	126.9	4.3	126.2	3.9	127.2	4.7	Annual	1989	
								Unemployment Rate		
	5.4%		**5.5%**		**5.5%**		**5.5%**	**II**	**1988**	**Actual**
	5.4		5.5		5.5		5.5	III	1988	Forecast
	5.4		5.4		5.4		5.5	IV		
	5.5		5.3		5.4		5.5	I	1989	
	5.6		5.4		5.4		5.7	II		
	5.9		5.4		5.5		5.8	III		
	6.1		5.4		5.5		6.0	IV		
			5.4		5.7		6.2	I	1990	
			5.4		5.8		6.3	II		
			5.4		5.8		6.3	III		
	5.5		5.5		5.5		5.6	Annual	1988	
	5.8		5.4		5.4		5.8	Annual	1989	

Key Determinants of Profit Margin

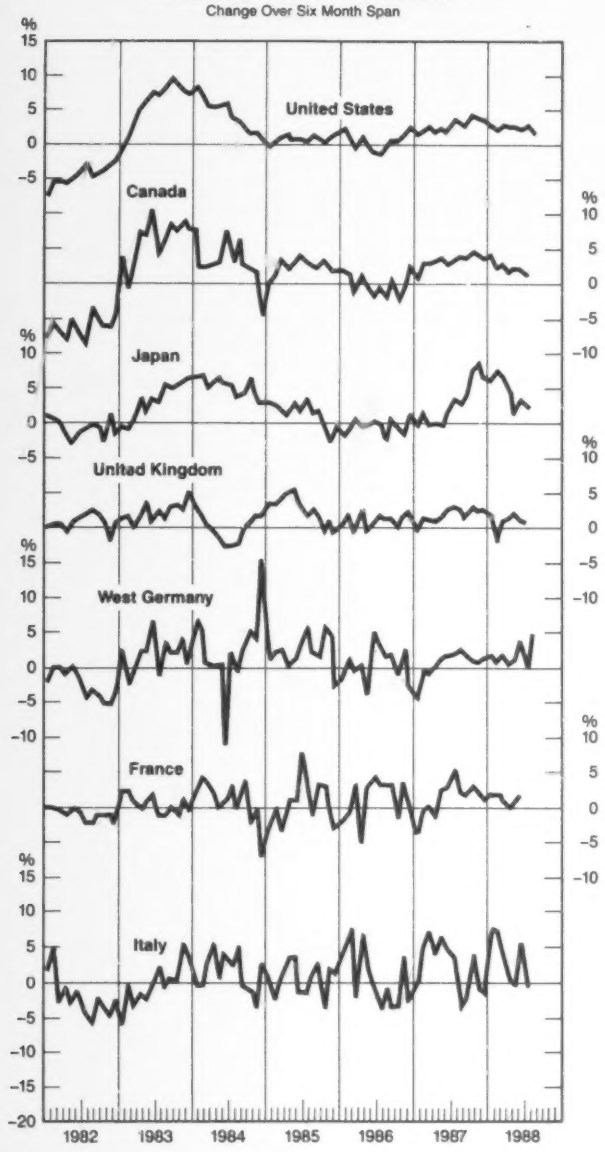




Selected International Comparisons

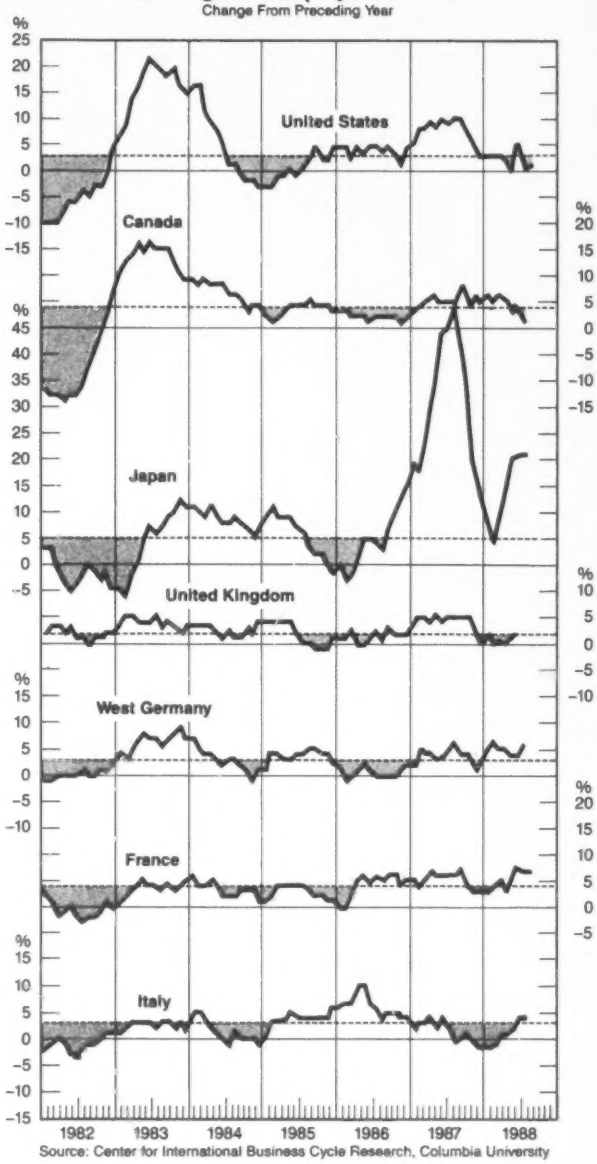
Industrial Production Indexes

Change Over Six Month Span



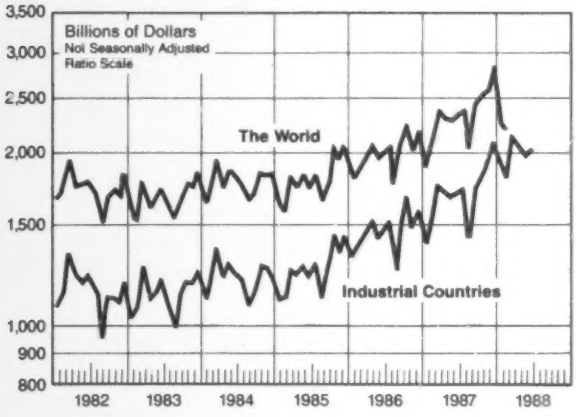
Leading Business Cycle Indexes

Change From Preceding Year

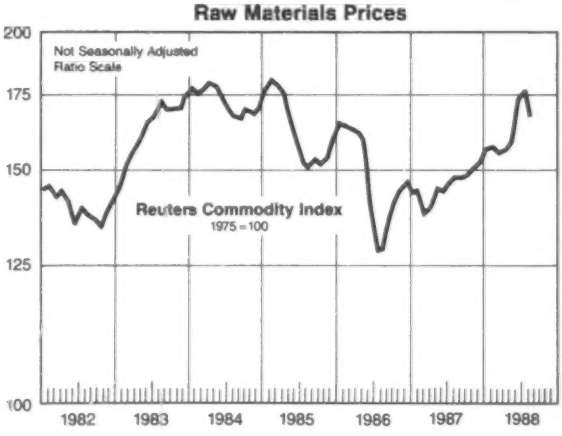


Source: Center for International Business Cycle Research, Columbia University

Merchandise Trade: Value of Exports



Raw Materials Prices



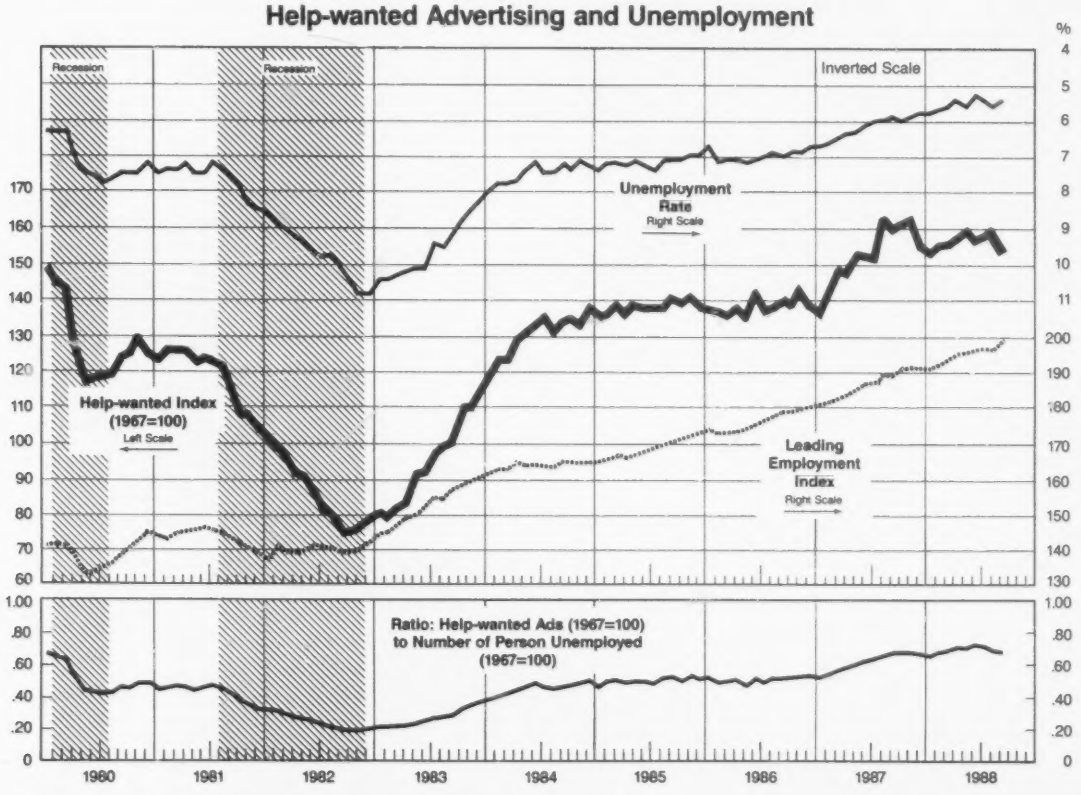
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEX

Seasonally Adjusted Indexes, 1967 = 100

Locality	1988 Aug.	1988 Jul.	1988 Jun.	1987 Aug.
National Index	160	159	156	161
New England	145	148	152	178
Boston	143	145	141	182
Hartford	152	152	175	182
Providence	147	154	168	158
Middle Atlantic	89	87	88	94
Albany	235	188	197	288
Allentown	397	375	408	379
New York	59	59	60	67
Philadelphia	73	74	78	82
Pittsburgh	105	106	97	100
Rochester	104	115	107	88
Syracuse	170	158	156	146
East North Central	111	112	110	109
Chicago	117	119	117	118
Cincinnati	173	184	161	167
Cleveland	77	81	76	75
Columbus	189	189	188	199
Dayton	112	93	90	90
Detroit	61	62	58	63
Gary	198	208	224	172
Indianapolis	136	119	127	117
Milwaukee	93	84	99	82
Toledo	146	152	148	138
West North Central	102	105r	100	101
Kansas City	139	138	133	134
Minneapolis	96	98r	93	100
Omaha	158	170	161	152
St. Louis	70	76r	71	69
South Atlantic	222	218	208	230
Atlanta	268	279	271	289
Baltimore	269	251	236	273
Charlotte	215	216	194	213
Jacksonville	243	232	233	248
Miami	N.A.	169	170	164
Richmond	154	155	151	167
Washington, D.C.	N.A.	195	180	210
East South Central	196	189	185	191r
Birmingham	201	197	187	177r
Knoxville	340	332	305	279
Louisville	107	103	102	99
Memphis	150	140	141	157
Nashville	266	253	261	300
West South Central	186	182r	189	171r
Dallas	154	160	171	159r
Houston	281	252r	275	241r
New Orleans	126	140	124	119
Oklahoma City	123	126	125	114
San Antonio	141	149	150	135
Tulsa	150	162	144	137
Mountain	311	319r	299	314
Denver	213	218	197	220
Phoenix	404	399	377	426
Salt Lake City	371	400r	386	340
Pacific	261	253	248	249
Los Angeles	180	170	169	174
Sacramento	497	487	494	456
San Bernadino	311	306	286	295
San Diego	601	621	597	572
San Francisco	261	248	242	255
Seattle	265	262	254	244
Percentage of papers with rising volume	47	67r	24	88
Unemployment rate	5.6	5.4	5.3	6

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



* Source: Center for International Business Cycle Research, Columbia University.

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND EXPECTATIONS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1985	102.0	103.1	96.1	104.4	99.6	102.6	103.2	100.9	96.0	96.1	98.1	98.2
1986	96.9	96.0	95.1	100.0	100.2	100.0	97.5	91.7	89.7	85.9	89.7	93.2
1987	85.4	91.8	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7
1988	109.9	114.9	112.7	115.7	120.2	115.7	113.5	119.7r	109.0p			

Expectations Index

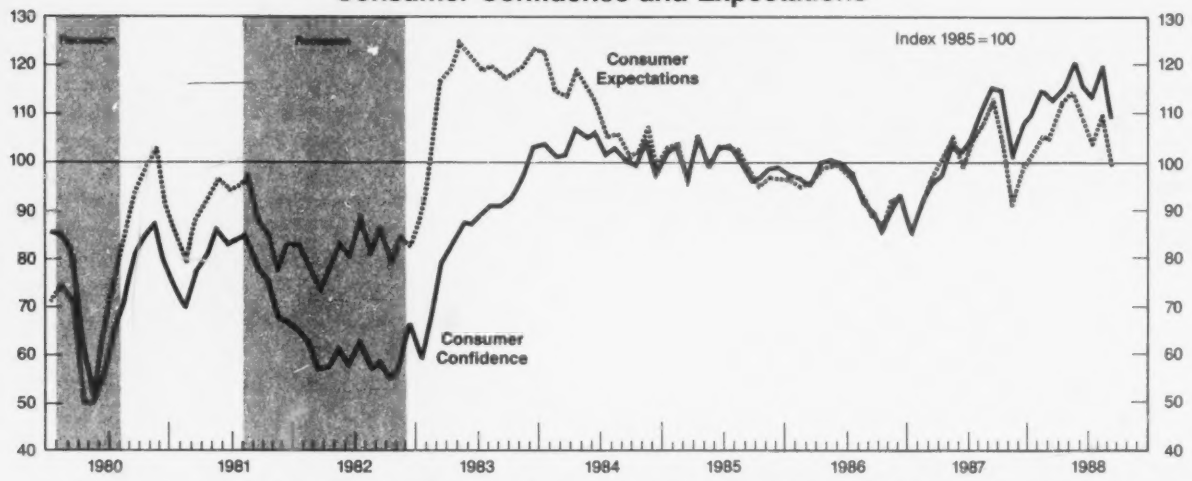
1985	102.5	103.9	95.9	105.1	99.6	102.7	102.5	102.1	96.3	94.5	96.8	98.2
1986	96.3	94.4	95.5	99.0	99.4	99.7	96.4	92.0	89.4	86.1	92.0	92.2
1987	85.6	91.8	96.8	100.5	105.6	98.2	105.6	107.5	112.5	108.9	90.9	99.6
1988	102.2	105.5	104.9	112.8	114.4	108.6r	103.7	109.4r	99.3p			

Confidence Index measures consumer optimism in appraising economic conditions. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r-revised

Consumer Confidence and Expectations



CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

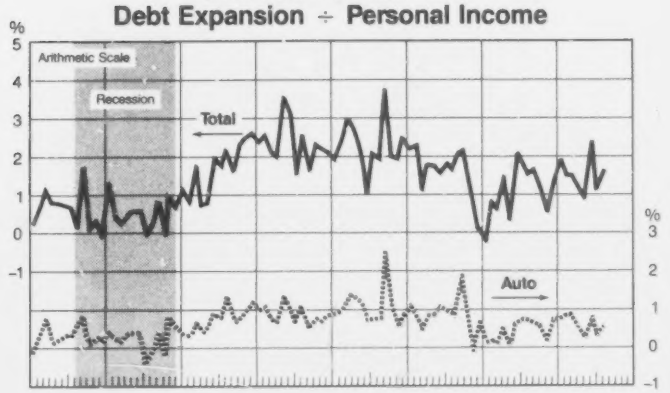
	1986	1987				1988		Percent Change From Previous Year	
								Actual	Estimate
	IV-86	I-87	II-87	III-87	IV-87	I-88(r)	II-88(p)	1987	1988
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	20.097	21.441	32.257	29.561	35.909	30.846	39.682	31%	23%
Capital expenditures	23.299	20.801	25.933	27.381	29.820	29.412	31.469	11	26
Change in appropriations backlog*	-10.990	-0.550	5.460	-0.080	3.510	0.650	7.840		
Durable Goods									
New appropriations	10.807	9.746	16.515	17.208	20.245	14.310	18.442	55	20
Capital expenditures	12.915	11.124	14.006	13.970	16.037	15.780	16.368	17	26
Change in appropriations backlog*	-4.140	-2.070	2.310	2.930	3.810	-1.720	2.530		
Nondurable Goods									
New appropriations	11.290	11.695	15.742	12.353	15.664	16.536	21.240	24	25
Capital expenditures	10.384	9.677	11.927	13.411	13.783	13.632	15.101	6	26
Change in appropriations backlog*	-6.853	1.520	3.160	-3.010	-0.300	2.590	5.310		
ELECTRIC & GAS UTILITIES									
New appropriations	5.491	6.482	5.569	5.135	6.094				
Capital expenditures	6.080	7.622	7.032	7.728	6.524				
Change in appropriations backlog*	-1.005	-0.810	-1.590	-2.830	-0.680				

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

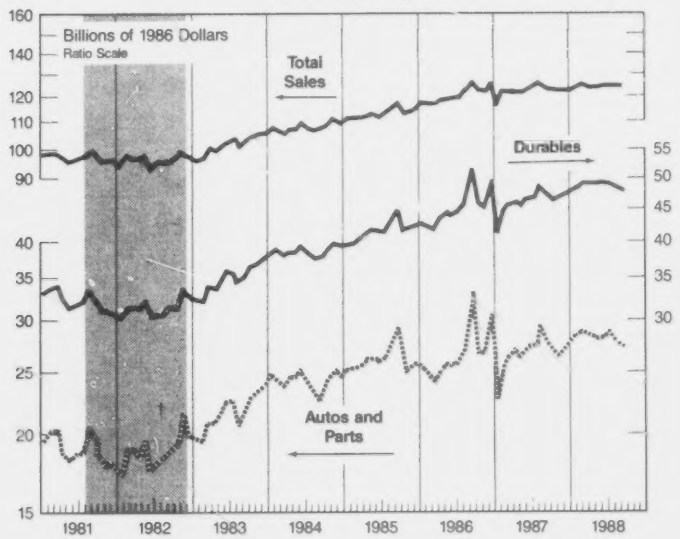
r—revised p—preliminary

* Change in Backlog = New Appropriations – (Expenditures + Cancellations and Other Adjustments).

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



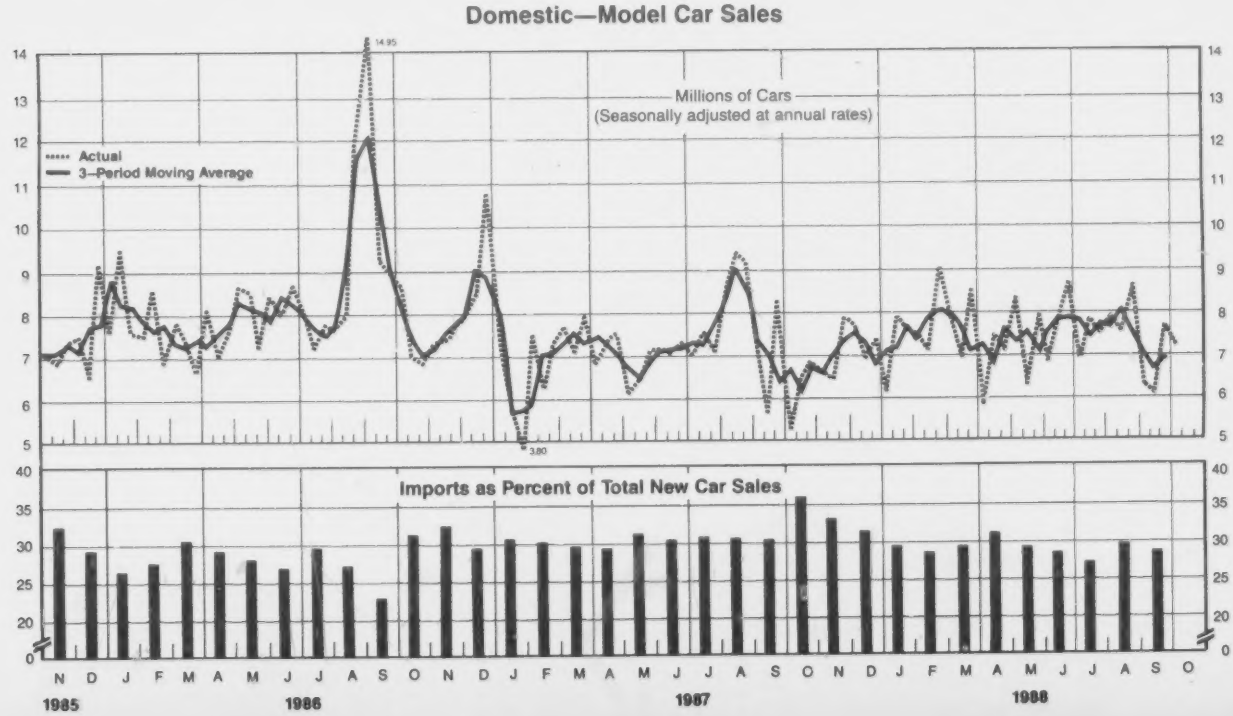
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1985	1986	1987	1988
January:	1-10	8.23	7.61	7.42	6.06
	11-207.84	8.00	9.45	5.97	7.89
	21-31	7.77	7.57	3.80	7.56
February:	1-10	7.24	7.56	7.46	7.51
	11-20	7.70	8.55	6.34	7.11
	21-28(29)	9.17	6.80	7.28	9.03
March:	1-10	8.09	7.76	7.60	7.88
	11-20	8.90	7.37	7.08	6.94
	21-31	8.52	6.69	7.99	8.50
April:	1-10	7.87	8.09	6.87	5.82
	11-20	9.24	7.07	7.35	7.45
	21-30	8.03	7.55	7.57	7.04
May:	1-10	7.91	8.63	6.17	8.37
	11-20	8.76	8.56	6.43	6.31
	21-31	8.09	7.22	7.08	7.99
June:	1-10	8.33	8.40	7.14	6.81
	11-20	7.66	8.00	7.10	7.97
	21-30	7.08	8.60	7.27	8.70
July:	1-10	7.38	8.04	7.04	6.91
	11-20	7.75	7.15	7.54	7.82
	21-31	7.38	7.77	7.11	7.46
August:	1-10	7.11	7.63	8.55	7.93
	11-20	8.06	7.95	9.32	7.59
	21-31	13.41	11.80	9.15	8.60
September:	1-10	10.93	14.95	7.20	6.31
	11-20	9.10	9.25	5.71	6.08
	21-30	10.69	8.91	8.29	7.65
October:	1-10	7.01	8.60	5.25	7.20
	11-20	6.84	7.00	6.47	
	21-31	7.32	6.88	6.86	
November:	1-10	7.04	7.26	6.68	
	11-20	6.88	7.39	6.44	
	21-30	7.31	7.69	7.88	
December:	1-10	7.49	7.88	7.72	
	11-20	6.60	8.42	6.93	
	21-31	9.12	10.71	7.33	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic—Model Car Sales


14.95
Millions of Cars
(Seasonally adjusted at annual rates)
Actual
3-Period Moving Average
3.80
Imports as Percent of Total New Car Sales
N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O
1985
1986
1987
1988